



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 20, 2010

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: State Revolving Fund Project Funding For The El Estero Wastewater Treatment Plant

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Authorizing the Wastewater Fund as the Dedicated Source of Revenue for Repayment of the Clean Water State Revolving Fund (CWSRF) Loan.

DISCUSSION:

PROJECT DESCRIPTIONS

Two projects scheduled to take place at the El Estero Wastewater Treatment Plant (EEWWTP) are proposed to be funded by the CWSRF loan: the Headworks Screening Replacement (Headworks) Project, and the Fats, Oils and Grease (FOG) Pilot Project.

The Headworks Project will improve the EEWWTP's existing preliminary treatment process by increasing the removal rate of non-organic solids. The resulting benefits will be reduced labor and energy costs, and improved overall treatment plant efficiencies. The project scope includes the installation of mechanical fine screening and cleaning equipment, replacement of the EEWWTP main inlet gate valve and other various isolation valves, and replacement of the process area's motor control center. This project will be ready to bid in early Fiscal Year 2011, with construction scheduled to begin in April 2011.

The FOG Pilot Project will introduce waste grease to the EEWWTP anaerobic digesters to increase biogas production, which is known to be a viable renewable fuel source for electrical power and process heat generation. The FOG Pilot Project was identified by Council as a priority. On February 2, 2010, Council approved the design and construction of a small-scale grease intake and digester injection facility for the EEWWTP. This project will provide important process information necessary to assess both the financial impacts and operational feasibility of long-term use of waste grease for energy conversion at the EEWWTP. This project will be ready to bid for construction in early Fiscal Year 2011.

BACKGROUND

On March 17, 2009, Council authorized the City Administrator to apply for a grant for wastewater project stimulus funds. The estimated grant amounts were \$4,200,000 for the Headworks Project and \$1,600,000 for the FOG Project. The State Water Resources Control Board recently notified staff that these projects were not selected for Federal Stimulus Bill funds, but has provided the City of Santa Barbara an opportunity to convert the project applications to a CWSRF loan application. The CWSRF loan application requires adoption of a resolution of the City Council designating a revenue source for repayment of the CWSRF loan.

The original grant application for the FOG Project was substantially larger than the current FOG Pilot Project estimate of \$450,000. This is because the original FOG Project provided the capability to process larger volumes of FOG materials and food scraps, and also provided for significant improvements to the digester facility's gas piping and sludge heating systems. Securing the FOG Project's full CWSRF loan amount at this time will allow these digester system improvements to be undertaken now to support the FOG Pilot Project, the long-term FOG facility, and planned improvements for future electrical co-generation facility activities.

The CWSRF loan will cover 100% of the costs for both projects, which are scheduled to be bid and awarded in the same time frame. The actual loan amount and terms will be finalized after the projects are bid for construction and prior to award of the construction contracts. At that time, staff will return to City Council for approval of the actual CWSRF loan terms and amount.

To maintain its reservation of funds in the CWSRF account, it is necessary that City Council adopt this resolution at this time. Adopting the resolution does not constitute any obligation on the City's part to execute the loan contract; whereas, failure to proceed with adopting the resolution will result in withdrawal of the loan application for funding both the Headworks Project and the FOG Pilot Project.

PREPARED BY: Chris Toth, Wastewater System Manager/LC

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office